

TO WHOSE ADVANTAGE IS WORK ADVANTAGE?

New York City's Newest Rental Subsidy for Homeless Families



FALL 2009

A REPORT FROM THE INSTITUTE FOR CHILDREN AND POVERTY

In recent years, renewed focus has been placed on employment as a means of ending family homelessness and moving families down the path to independence.

Coupling housing assistance with mandatory employment has been a popular, but problematic approach. In 2007, New York City unveiled its most recent initiative, the Work Advantage Program, aimed to help homeless families achieve stability and self-sufficiency.

The Department of Homeless Services's (DHS) Work Advantage Program is a one-to-two year rental subsidy available to homeless families who work full- or part-time.¹ Work Advantage rewards work among homeless families while moving them out of shelter and into permanent housing. In order to be eligible for the Work Advantage Program, homeless parents are required to work at least 20 hours per week. Once they move to housing, they must contribute a \$50 monthly rent payment to their landlord and deposit an amount equivalent to 10% to 20% of their monthly rent into a bank account. If participants meet these requirements, DHS will continue to subsidize rental payments for these families for up to two years. Once a compliant family reaches the two-year maximum, DHS then matches the family's savings up to \$3,000 per year and reimburses the total monthly rental contributions a family made to their landlord. Though this program is designed to assist homeless families in their transition from shelter to a permanent home while promoting responsible work and financial habits, in reality it does not benefit all homeless families equally. Only those who already have the work skills and experience necessary to sustain employment will likely benefit.

Not All Homeless Families Are the Same

Currently, the typical homeless parent in New York City is an unemployed single black or Hispanic woman between the ages of 18 and 25. She has one child and lacks a high school diploma. She is also, on average, homeless for the first time and likely receives some form of public assistance.

This profile of a homeless family does not mirror the entire homeless population, however. Homeless families have

diverse educational and employment backgrounds that may affect their ability to find work and fulfill the requirements of DHS's Work Advantage Program in various ways. While 31% of the heads of household are employed, almost two-thirds work only part-time. Over half (51%) of homeless parents are unemployed and almost one-fifth (18%) have never held a job. Moreover, striking differences exist in the educational achievement between those who work and those who do not:

63% of those employed have a high school degree or higher, compared to only 39% of those who have no work history (see Table 1).

THE WORK ADVANTAGE PROGRAM SEEMS UNLIKELY TO HELP MOST FAMILIES TRANSITION OUT OF HOMELESSNESS

Table 1

Characteristics of Heads of Homeless Households (by employment status)			
	Currently Employed (31%)	Currently Unemployed (51%)	No Work History (18%)
Sex			
Female	96%	95%	96%
Male	4%	5%	4%
Age			
18–24 years	35%	44%	48%
25–30 years	32%	21%	19%
31+ years	33%	35%	33%
High school degree or more	63%	56%	39%
Children under age 6	75%	83%	80%
Homeless more than once	34%	44%	32%
Employed full-time*	36%	51%	n/a**
Average hourly wage	\$9.87	\$8.98	n/a**
Average job duration (in months)	21	36	n/a**

Even among those heads of household who work, significant differences in education, earnings, and duration of employment emerge when looking at different age groups: only 51% of 18- to 24-year-olds hold a high school or equivalent degree, compared to 74%, on average, of those 25 and older. Without a high school education, many of these parents lack the skills necessary for advancement

beyond their current low-wage positions. This variation in educational achievement may account for the stark differences in earnings and job duration between younger and older homeless parents; though under-employed, parents over 31 years earn on average 34% more than 18- to 24-year-olds and have held their current jobs for an average of three-and-a-half years longer than their younger counterparts (see Table 2).

Table 2

Characteristics of Currently Employed Heads of Homeless Households (by age of parent)			
	18–24 (36%)	25–30 (32%)	Over 31 (32%)
High school degree or more	51%	70%	79%
Children under age 6	97%	86%	39%
Homeless more than once	38%	30%	28%
Employed full-time*	39%	67%	58%
Average hourly wage	\$8.50	\$9.90	\$11.35
Average job duration (in months)	7	8	50

Among employed heads of homeless households, the composition of their families varies by age as well. Younger parents are one-and-a-half times more likely than those over 31 to have children under the age of six. This may impede their ability to work consistently and may account for their relatively short work histories; 97% of those under 25 have a child under six, compared to only 39% of those over 31. Younger children, who are not yet enrolled in school, require a level of supervision and attention that working parents often cannot provide without assistance. Securing reliable and affordable childcare can be difficult for many parents and poses a significant barrier to employment: almost 30% of homeless heads of household cite a lack of child care as the primary reason for their unemployment.

Consequently, higher educational achievement, longer work experience, and less need for childcare place the group of homeless families with older parents in a better position to maintain gainful employment. Yet, when employed full-time, the typical homeless parent over 31 years old may be ineligible for the Work Advantage. The program requires families to have an annual income of no more than 150% of the federal poverty level, or \$22,260 for a homeless parent with one child. As indicated in Table 2, a typical homeless parent over 31 earns, on average, \$11.35 per hour and will make \$23,608 when working full-time—\$1,348 over the income cut-off for the program. Despite embodying the Work Advantage Program’s goals of working to achieve independence and self-sufficiency, the income

requirement leaves these families in the difficult position of being ineligible for much-needed rental assistance from the city.

Among unemployed heads of homeless households, similar differences between older and younger homeless parents exist. Younger parents are less likely to hold a high school or equivalent degree but more likely to have a young child, a shorter work history, and a lower hourly wage than their older counterparts. Furthermore, parents under 25 are 31% more likely than older parents to have experienced homelessness multiple times. Younger families face numerous barriers to employment that place them at a relative disadvantage in their struggle to escape poverty and homelessness. This poses significant challenges to the Work Advantage Program given that parents under 25 make up almost half (42%) of New York City’s homeless families.

The Challenge of Advantage for All

Who stands to benefit from DHS’s Work Advantage Program? It appears as though only a small segment of homeless families will do so. The older population of heads of homeless households—who have longer work histories, higher wages, higher levels of education, and older children—comprises only 28% of those examined. These families are best positioned to find and maintain steady employment, fulfill the savings and rental contribution requirements of the Work Advantage Program, and continue to work after their participation in the program ends. But where does this leave the remaining 72% of homeless families?

While this program may find success in moving a small population of older, more employable homeless families into permanent housing and self-sufficiency, it will likely exclude the larger population of those who lack a high school education and have little or no work experience. In fact, 45% of heads of homeless households, have not completed high school and 18% have never worked. Furthermore, among younger parents who do work, the average length of employment is a brief seven months. Without education and sufficient work experience these families are unlikely to find and maintain gainful employment, and even if they did, the savings requirement places a burden on the meager incomes these families generate. Many parents cannot cover their day-to-day expenses, let alone deposit money away for the future. In fact, of families who have remained with the program for a year, one third have yet to open a bank account.² Consequently, these families could be disqualified from the Work Advantage Program and face the probability of experiencing additional episodes of homelessness.

Conclusion

If employment is seen as the immediate answer to ending homelessness, then the Department of Homeless Services's Work Advantage Program seems unlikely to assist the majority of homeless families in achieving long-term self-sufficiency and finding a permanent housing solution. By making the rental subsidy contingent upon the employability of the parent, this program excludes those homeless families who are in the most dire need of assistance. Remembering that the typical family consists of a young mother between 18 and 25 years of age, who is unemployed, lacks a high school diploma, and has at least one child under age six, it becomes clear that the Work Advantage Program does not address the barriers to employment that many homeless families face. Those who will find success are the minority of homeless families who are most able to help themselves; however, the majority of younger, less skilled, and more burdened families will not. The prospects for these families remain bleak, and the city's Work Advantage Program provides little hope of relief. It appears that these families are in need of education and employment skills prior to any rental subsidies. It would make more sense to utilize this time in shelter to enhance these skills rather than to have them mark time in a subsidized apartment before another bout of homelessness. In the end, while New York City's Work Advantage can certainly help DHS reduce the shelter population in the short term, it may ultimately lead to the return of hundreds of formerly homeless families to the shelter system when their temporary rental subsidy ends. There is little advantage in that.

Endnotes

¹ New York City Department of Homeless Services, "Work Advantage," http://www.nyc.gov/html/dhs/html/rent/wrkAdvnt_about.shtml

² New York City Department of Homeless Services, "New York's Rental Assistance Program Exceeds Expectations More Than 4,000 Leases Signed in First Year," <http://www.nyc.gov/html/dhs/html/press/pr050108.shtml>

The Institute for Children and Poverty (ICP) is an independent non-profit research organization based in New York City. ICP studies the impact of poverty on family and child well-being and generates research that will enhance public policies and programs affecting poor or homeless children and their families. Specifically, ICP examines the condition of extreme poverty in the United States and its effect on educational attainment, housing, employment, child welfare, domestic violence, and family wellness. Please visit our Web site for more information. www.icpny.org

